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**IRS EXPANDS BUSINESS TAX FILING BY TELEPHONE
TO EMPLOYERS NATIONWIDE**

WASHINGTON -- The Internal Revenue Service is making it easier for more than three million business taxpayers to file their quarterly Form 941 payroll returns.

The nation's smaller businesses can now use a system called 941TeleFile to file by telephone. Similar to the TeleFile system for individual returns, 941TeleFile is free, paperless, and automatically calculates the tax and any balance owed.

Within the next few weeks, businesses potentially eligible to use 941TeleFile for the first quarter of 1998 will receive special 941TeleFile packages in the mail. The package includes instructions, payment vouchers for those who owe money and paper Forms 941 for those who may not qualify for 941TeleFile.

Last year, 941TeleFile was successfully tested in the District of Columbia and 14 states in the southeastern United States, an area from Delaware through Louisiana. More than 224,900 returns were filed by phone during the test.

"The 941TeleFile system makes filing quicker, easier and more convenient for businesses," said IRS Commissioner Charles O. Rossotti. "I am confident that business owners will take up 941TeleFile just as quickly as individuals have adopted TeleFile."

(more)

Businesses may also pay their federal taxes electronically -- using a telephone or a personal computer -- through IRS's Electronic Federal Tax Payment System (EFTPS). This system eliminates paper tax deposit coupons and trips to the bank for businesses. Over 1.5 million businesses have already enrolled to pay their taxes through EFTPS.

"The 941TeleFile and EFTPS are two ways the IRS is providing modern, electronic service for taxpayers, whether individuals or businesses," said Rossotti.

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(Editors: The states are for the 941TeleFile pilot were Alabama, Delaware, Florida, Georgia, Indiana, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia.)